

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2016

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2016)		
Chris Miller	Mayor	January 2019
Earl Howard	Mayor Pro Tem	January 2016
Jeff Anderson	Council Member	January 2016
Jack Woolard	Council Member	January 2016
Earl Howard	Council Member	January 2016
Jason Skaggs	Council Member	January 2019
John Hilbert	Council Member	January 2016
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2016
(After January 2016)		
Chris Miller	Mayor	January 2018
Earl Howard	Mayor Pro Tem	January 2020
Jeff Anderson	Council Member	January 2018
Jack Woolard	Council Member	January 2020
Earl Howard	Council Member	January 2020
Jason Skaggs	Council Member	January 2018
John Hibbert	Council Member	January 2020
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2017

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the City Council  
of the City of Bloomfield, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the city's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the schedule of expenditures of federal awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of the City's Contributions on pages 4 through 8 and 25 through 30, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2017, on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
March 18, 2017

# **CITY OF BLOOMFIELD, IOWA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2016**

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

#### **2016 FINANCIAL HIGHLIGHTS**

- Receipts from the City's governmental activities increased 10% or \$264,538 from fiscal year 2015 to fiscal 2016.
- Disbursements of the City's governmental activities decreased 39% or \$1,869,541 from fiscal 2015 to fiscal 2016. Capital projects disbursements decreased \$2,042,853.
- The City's total cash basis net position increased 9% or \$538,332 from June 30, 2015 to June 30, 2016. Of this amount, the cash basis net position of the governmental activities increased \$547,990 and the cash basis net position of the business type activities decreased by \$9,658.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

#### **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information that helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits and Other TIF, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which can not be used to support the City's own programs. These fiduciary funds include Trust funds that account for Drug Awareness Resistance Education and Library Memorial to name a few.

The required financial statement for fiduciary funds is a Statement of Changes in Cash Balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$2,064,964 to \$2,612,954. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

### Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 418,762	\$ 430,303
Operating grants, contributions and restricted interest	750,569	387,337
Capital grants, contributions and restricted interest	77,963	287,957
General receipts:		
Property tax	895,658	838,158
Tax increment financing	542,487	477,372
Local option sales tax	259,613	257,164
Other general receipts	<u>7,165</u>	<u>9,388</u>
Total receipts	<u>2,952,217</u>	<u>2,687,679</u>
Disbursements:		
Public safety	816,082	799,090
Public works	680,823	671,399
Culture and recreation	412,100	380,295
Community and economic development	248,546	231,934
General government	238,639	140,723
Debt service	240,243	239,680
Capital projects	<u>290,334</u>	<u>2,333,187</u>
Total disbursements	<u>2,926,767</u>	<u>4,796,308</u>
Change in cash basis net position before transfers	25,450	(2,108,629)
Transfers net	<u>522,540</u>	<u>550,679</u>
Change in cash basis net position	547,990	(1,557,950)
Cash basis net position beginning of year, as restated	<u>2,064,964</u>	<u>3,622,914</u>
Cash basis net position end of year	\$ <u>2,612,954</u>	\$ <u>2,064,964</u>

The City's total receipts for governmental activities increased 10% or \$264,538. The increase in receipts was primarily the result of contributions made to the Friends of the Bloomfield Library Special Revenue Fund. This increase amounted to \$307,011 more than the prior year.

The total cost (disbursements) of all programs and services decreased by \$1,869,541 or 39%. The decrease in disbursements was primarily the result of less expenditures for capital projects during the current year.



## Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 971,433	\$ 932,604
Sewer	560,232	555,583
Electric	3,209,691	3,284,294
Gas	808,897	1,036,533
Capital grants, contributions, and restricted interest	1,294,810	500,000
General receipts:		
Unrestricted interest on investments	10,703	13,368
Note proceeds	1,857,000	1,500,000
Other general receipts	65,406	85,310
Total receipts	<u>8,778,172</u>	<u>7,907,692</u>
Disbursements:		
Water	4,320,392	2,639,258
Sewer	361,159	452,123
Electric	2,827,237	2,848,581
Gas	<u>756,502</u>	<u>1,173,866</u>
Total disbursements	<u>8,265,290</u>	<u>7,113,828</u>
Change in cash basis net position before transfers	512,882	793,864
Transfers, net	<u>(522,540)</u>	<u>(550,679)</u>
Change in cash basis net position	(9,658)	243,185
Cash basis net position beginning of year, as restated	<u>4,038,103</u>	<u>3,794,918</u>
Cash basis net position end of year	\$ <u>4,028,445</u>	\$ <u>4,038,103</u>

Total business type activities receipts for the fiscal year increased \$870,480 or 11%. The increase in receipts was primarily the result of grant receipts and note proceeds in the water fund.

Total business type activities disbursements increased \$1,151,462 or 16% from the prior year. This resulted primarily from an increase in disbursements by the Water Fund.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$2,612,954, an increase of 27% from last year's total of \$2,064,964. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$28,710 from the prior year to \$547,101 which was mainly attributable to the increase in Property Tax receipts. The General Fund also incurred an increase in expenditures in general government during the current year which reduced the cash balance increase with an additional \$95,008 in expenditures (prior year fund increase was \$139,180).
- The Other TIF Fund cash balance increased \$172,694 from the prior year primarily due to an increase in revenues in the current year.
- The Employee Benefits Fund cash balance decreased \$1,994 from the prior year to \$274,592 due to an increase in expenditures in the current year (prior year increase was \$8,783).
- The Friends of the Bloomfield Library Fund cash balance increased \$301,022 from the prior year to \$507,611 due to an increase in receipts compared to the prior year (prior year increase was \$6,388).
- The Water and Sewer CDBG Fund cash balance remained the same due to no activity during the current year.
- The East Franklin Fund cash balance decreased \$144,982 from the prior year to \$262,313 due to capital projects expenditures and transfers out of the fund.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$2,290 to \$1,195,467 due to increased expenditures for capital projects.
- The Sewer Fund cash balance increased \$249,431 to \$738,944 due primarily to decreases in expenditures.
- The Electric Fund cash balance increased \$5,362 to \$1,322,429 due to a decrease in transfers out.
- The Gas Fund cash balance decreased \$262,161 to \$771,605 due primarily to an increase in transfers out.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2016, the City amended its budget once resulting in a decrease in budgeted income of \$1,978,027 and in budgeted expenditures of \$2,364,794. Actual receipts were \$901,243 more than the amounts budgeted including charges for service by \$606,702. Actual expenditures were \$812,328 less than the amounts budgeted including business type activities by \$664,509.

## DEBT ADMINISTRATION

At June 30, 2016, the City had \$5,262,707 of notes and other long-term debt outstanding, compared to \$3,924,375 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	<u>2016</u>	<u>June 30, 2015</u>
General Obligation Capital Loan notes series 2014A	\$ 1,935,000	\$ 2,140,000
Urban Renewal Tax Increment Financing revenue notes		287,824
Water Revenue Capital Loan notes Taxable 2015A	1,475,522	1,496,551
Taxable 2016A	<u>1,852,185</u>	<u>-</u>
	\$ <u>5,262,707</u>	\$ <u>3,924,375</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,935,000 is below its constitutional debt limit of \$5,349,532. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 4.4% (June 2016) versus 3.9% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 4.9%.

Inflation in the Midwest is lower than the national Consumer Price Index. The Midwest had a CPI increase of 2.238% for fiscal year 2016 compared with the national increase of 2.400%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2017. Amounts available for expenditure in FY 2017 are expected to increase \$241,992 compared to the final FY 2015 budget. Expenditures in the FY 2017 budget are expected to increase \$416,896 compared to the final FY 2016 budget. As a result of the above receipts and expenditures and a significant decrease in other financing sources and transfers in, the ending cash balance is expected to decrease \$1,508,215 by the end of FY 2017.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

## BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Public safety	\$ 816,082	\$ 41,343	\$ 16,172	\$ -
Public works	680,823	202,612	339,771	-
Culture and recreation	412,100	127,805	342,655	42,030
Community and economic development	248,546	5,504	51,971	35,933
General government	238,639	41,498	-	-
Debt service	240,243	-	-	-
Capital projects	290,334	-	-	-
Total governmental activities	<u>2,926,767</u>	<u>418,762</u>	<u>750,569</u>	<u>77,963</u>
Business type activities:				
Water	4,320,392	971,433	-	1,266,148
Sewer	361,159	560,232	-	-
Electric	2,827,237	3,209,691	-	28,662
Gas	<u>756,502</u>	<u>808,897</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>8,265,290</u>	<u>5,550,253</u>	<u>-</u>	<u>1,294,810</u>
Total	\$ <u>11,192,057</u>	\$ <u>5,969,015</u>	\$ <u>750,569</u>	\$ <u>1,372,773</u>
General receipts and transfers:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Debt proceeds				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year, as restated				
Cash basis net position end of year				
<u>Cash Basis Net Position</u>				
Restricted:				
Nonexpendable - Cemetery perpetual care				
Expendable:				
Streets				
Debt service				
Urban renewal purposes				
Other purposes				
Unrestricted				
Total cash basis net position				

See Notes to Financial Statements

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Position

Governmental Activities	Business Type Activities	Total
\$ (758,567)	\$ -	\$ (758,567)
(138,440)	-	(138,440)
100,390	-	100,390
(155,138)	-	(155,138)
(197,141)	-	(197,141)
(240,243)	-	(240,243)
(290,334)	-	(290,334)
<u>(1,679,473)</u>	<u>-</u>	<u>(1,679,473)</u>
-	(2,082,811)	(2,082,811)
-	199,073	199,073
-	411,116	411,116
-	52,395	52,395
-	<u>(1,420,227)</u>	<u>(1,420,227)</u>
<u>(1,679,473)</u>	<u>(1,420,227)</u>	<u>(3,099,700)</u>
895,658	-	895,658
542,487	-	542,487
259,613	-	259,613
-	1,857,000	1,857,000
1,469	10,703	12,172
5,696	65,406	71,102
<u>522,540</u>	<u>(522,540)</u>	<u>-</u>
<u>2,227,463</u>	<u>1,410,569</u>	<u>3,638,032</u>
547,990	(9,658)	538,332
<u>2,064,964</u>	<u>4,038,103</u>	<u>6,103,067</u>
\$ <u>2,612,954</u>	\$ <u>4,028,445</u>	\$ <u>6,641,399</u>
\$ 118,448	\$ -	\$ 118,448
451,380	-	451,380
13,712	-	13,712
228,608	-	228,608
1,253,705	-	1,253,705
<u>547,101</u>	<u>4,028,445</u>	<u>4,575,546</u>
\$ <u>2,612,954</u>	\$ <u>4,028,445</u>	\$ <u>6,641,399</u>

## CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue				Capital Projects			
	General	Other TIF	Employee Benefits	Friends of the Bloomfield Library	Water & Sewer CDBG	East Franklin	Nonmajor	Total
<b>RECEIPTS:</b>								
Property tax	\$ 553,649	\$ -	\$ 342,009	\$ -	\$ -	\$ -	\$ -	\$ 895,658
Tax increment financing	-	542,487	-	-	-	-	-	542,487
Other City tax	-	-	-	-	-	-	310,794	310,794
Licenses and permits	41,338	-	-	-	-	-	-	41,338
Use of money and property	5,386	-	-	2,296	-	-	816	8,498
Intergovernmental	55,153	-	-	-	-	-	400,101	455,254
Charges for service	310,416	-	-	-	-	-	-	310,416
Miscellaneous	63,296	-	-	314,776	-	-	9,700	387,772
Total receipts	<u>1,029,238</u>	<u>542,487</u>	<u>342,009</u>	<u>317,072</u>	<u>-</u>	<u>-</u>	<u>721,411</u>	<u>2,952,217</u>
<b>DISBURSEMENTS:</b>								
Operating:								
Public safety	601,678	-	214,404	-	-	-	-	816,082
Public works	356,326	-	48,926	-	-	-	275,571	680,823
Culture and recreation	337,375	-	56,772	16,050	-	-	1,903	412,100
Community and economic development	47,631	118,796	-	-	-	-	82,119	248,546
General government	214,738	-	23,901	-	-	-	-	238,639
Debt service	-	-	-	-	-	-	240,243	240,243
Capital projects	-	-	-	-	-	59,982	230,352	290,334
Total disbursements	<u>1,557,748</u>	<u>118,796</u>	<u>344,003</u>	<u>16,050</u>	<u>-</u>	<u>59,982</u>	<u>830,188</u>	<u>2,926,767</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(528,510)</u>	<u>423,691</u>	<u>(1,994)</u>	<u>301,022</u>	<u>-</u>	<u>(59,982)</u>	<u>(108,777)</u>	<u>25,450</u>
Other financing sources (uses):								
Transfers in	557,220	-	-	-	-	-	594,656	1,151,876
Transfers out	-	(250,997)	-	-	-	(85,000)	(293,339)	(629,336)
Total other financing sources (uses)	<u>557,220</u>	<u>(250,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>301,317</u>	<u>522,540</u>
Change in cash balances	28,710	172,694	(1,994)	301,022	-	(144,982)	192,540	547,990
<b>CASH BALANCES - Beginning of year, as restated</b>	<u>518,391</u>	<u>55,914</u>	<u>276,586</u>	<u>206,589</u>	<u>176,484</u>	<u>407,295</u>	<u>423,705</u>	<u>2,064,964</u>
<b>CASH BALANCES - End of year</b>	<u>\$ 547,101</u>	<u>\$ 228,608</u>	<u>\$ 274,592</u>	<u>\$ 507,611</u>	<u>\$ 176,484</u>	<u>\$ 262,313</u>	<u>\$ 616,245</u>	<u>\$ 2,612,954</u>
<b>Cash Basis Fund Balances</b>								
Restricted:								
Nonexpendable:								
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,448	\$ 118,448
Expendable:								
Debt service	-	-	-	-	-	-	13,712	13,712
Urban renewal purposes	-	228,608	-	-	-	-	-	228,608
Streets	-	-	-	-	-	262,313	189,067	451,380
Other purposes	-	-	274,592	507,611	176,484	-	295,018	1,253,705
Unassigned	<u>547,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,101</u>
Total cash basis fund balances	<u>\$ 547,101</u>	<u>\$ 228,608</u>	<u>\$ 274,592</u>	<u>\$ 507,611</u>	<u>\$ 176,484</u>	<u>\$ 262,313</u>	<u>\$ 616,245</u>	<u>\$ 2,612,954</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>Enterprise Funds</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ <u>971,433</u>	\$ <u>560,232</u>	\$ <u>3,209,691</u>	\$ <u>808,897</u>	\$ <u>5,550,253</u>
<u>Operating disbursements:</u>					
Business type activities	<u>4,246,698</u>	<u>361,159</u>	<u>2,827,237</u>	<u>756,502</u>	<u>8,191,596</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(3,275,265)</u>	<u>199,073</u>	<u>382,454</u>	<u>52,395</u>	<u>(2,641,343)</u>
<u>Non-operating receipts (disbursements):</u>					
Intergovernmental	1,266,148	-	28,662	-	1,294,810
Interest on investments	1,893	2,968	2,726	3,116	10,703
Miscellaneous	24,512	11,390	22,176	7,328	65,406
Proceeds from debt	1,857,000	-	-	-	1,857,000
Debt service	<u>(73,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,694)</u>
Total non-operating receipts (disbursements)	<u>3,075,859</u>	<u>14,358</u>	<u>53,564</u>	<u>10,444</u>	<u>3,154,225</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(199,406)</u>	<u>213,431</u>	<u>436,018</u>	<u>62,839</u>	<u>512,882</u>
Transfers in	197,116	50,000	75,000	-	322,116
Transfers out	<u>-</u>	<u>(14,000)</u>	<u>(505,656)</u>	<u>(325,000)</u>	<u>(844,656)</u>
Change in cash balances	<u>(2,290)</u>	<u>249,431</u>	<u>5,362</u>	<u>(262,161)</u>	<u>(9,658)</u>
<u>CASH BALANCES - Beginning of year,</u> as restated	<u>1,197,757</u>	<u>489,513</u>	<u>1,317,067</u>	<u>1,033,766</u>	<u>4,038,103</u>
<u>CASH BALANCES - End of year</u>	\$ <u>1,195,467</u>	\$ <u>738,944</u>	\$ <u>1,322,429</u>	\$ <u>771,605</u>	\$ <u>4,028,445</u>
<u>Cash Basis Fund Balances</u>					
Unrestricted	\$ <u>1,195,467</u>	\$ <u>738,944</u>	\$ <u>1,322,429</u>	\$ <u>771,605</u>	\$ <u>4,028,445</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	Private Purpose Expendable Trusts				Total
	Volunteer Fire Department	Drug Awareness Resistance Education	Library Memorial	South Cemetery	
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ 7	\$ 3	\$ 2,699	\$ 53	\$ 2,762
Miscellaneous:					
Donations	-	425	19,798	-	20,223
Total additions	<u>7</u>	<u>428</u>	<u>22,497</u>	<u>53</u>	<u>22,985</u>
<u>Deductions:</u>					
Public safety	-	334	-	-	334
Culture and recreation	-	-	33,210	-	33,210
Total Disbursements	<u>-</u>	<u>334</u>	<u>33,210</u>	<u>-</u>	<u>33,544</u>
Net change in cash balances	7	94	(10,713)	53	(10,559)
<u>CASH BALANCES</u> - Beginning of year, as restated	<u>4,501</u>	<u>1,741</u>	<u>502,242</u>	<u>12,017</u>	<u>520,501</u>
<u>CASH BALANCES</u> - End of year	\$ <u>4,508</u>	\$ <u>1,835</u>	\$ <u>491,529</u>	\$ <u>12,070</u>	\$ <u>509,942</u>
<u>Cash Basis Fund Balances</u>					
Restricted for special purpose	\$ <u>4,508</u>	\$ <u>1,835</u>	\$ <u>491,529</u>	\$ <u>12,070</u>	\$ <u>509,942</u>



CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation (Continued)**

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent funds.

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue – The Other TIF fund is used to account for the receipt of tax increment financing collections. The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library.

Capital Projects – The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds. The East Franklin Fund is used to account for the repair/maintenance of City streets.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City also reports fiduciary funds which focus on changes on cash basis net position. The City's fiduciary funds include the following:

The Private Purpose Expendable Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net positions available to finance the program. It is the City's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 2: CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district..

**Interest rate risk** – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

**NOTE 3: NOTES PAYABLE**

Annual debt service requirements to maturity for general obligation capital loan notes and water revenue capital loan notes are as follows:

Year Ending	General Obligation Capital Loan Notes		Water Revenue Capital Loan Notes 2015A		Water Revenue Capital Loan Notes 2016A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30,								
2017	\$ 205,000	\$ 33,717	\$ 21,614	\$ 40,306	\$ 29,270	\$ 41,374	\$ 255,884	\$ 115,397
2018	205,000	32,078	22,216	39,704	29,936	40,708	257,152	112,490
2019	205,000	29,823	22,835	39,085	30,616	40,028	258,451	108,936
2020	210,000	27,055	23,471	38,449	31,312	39,332	264,783	104,836
2021	215,000	23,695	24,124	37,796	32,024	38,620	271,148	100,111
2022 - 2026	895,000	51,465	131,082	178,518	171,378	181,842	1,197,460	411,825
2027 - 2031	-	-	150,380	159,220	191,765	161,455	342,145	320,675
2032 - 2036	-	-	172,519	137,081	214,576	138,644	387,095	275,725
2037 - 2041	-	-	197,918	111,682	240,101	113,119	438,019	224,801
2042 - 2046	-	-	227,055	82,545	268,662	84,558	495,717	167,103
2047 - 2051	-	-	260,483	49,117	300,620	52,600	561,103	101,717
2052 - 2056	-	-	221,825	15,535	311,925	17,747	533,750	33,282
Total	\$ 1,935,000	\$ 197,833	\$ 1,475,522	\$ 929,038	\$ 1,852,185	\$ 950,027	\$ 5,262,707	\$ 2,076,898

**Revenue Notes**

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,500,000 of water revenue capital loan notes issued in April 2015 and \$1,857,000 issued in April 2016. Proceeds from the 2015 notes provided financing for the construction of water main extensions. The 2016 notes proceeds provided financing for capital improvements on the waste water system. The notes are payable solely from water customer net receipts and are payable through 2055 and 2056, respectively. Annual principal and interest payments on the notes are expected to require less than 83.3% of net revenues. The total principal and interest remaining to be paid on the 2015 notes is \$2,404,560 and \$2,802,212 for the 2016 notes. For the current year, principal and interest paid was \$25,843 and \$47,851, respectively.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a reserve fund account for the purpose of making the note principal and interest payments when due.
- (c) Users rates shall be established at a level which produces and maintains net revenues at a level not less than 120% of the amount of principal and interest on the notes falling due in the same year.

During the year ended June 30, 2016, the city was in compliance with the revenue note provisions.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 4: PENSION PLAN**

**Plan Description** – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60 percent of average salary after completion of 22 years of service, plus an additional 1.5 percent of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE 4: PENSION PLAN (Continued)**

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the City contributed 8.93 percent of covered payroll for the total rate of 14.88 percent. Protection occupation members contributed 6.56 percent of covered payroll and the City contributed 9.84 percent of covered payroll, for a total rate of 16.40 percent.

The City's contributions to IPERS for the year ended June 30, 2016 totaled \$116,015.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$620,530 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was .0125601 percent, which was an increase of .001020 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City's pension expense, deferred outflows and deferred inflows totaled \$74,224, \$175,146 and \$79,547.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00 percent per annum, based on 3.00 percent inflation and 1.00 percent real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28 %	2.04 %
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
<b>Total</b>	<u>100</u> %	

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4: PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at the contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 1,265,185	\$ 620,530	\$ 76,624

IPERS' Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 29 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a full-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$495 for single coverage and \$1,252 for family coverage. For the year ended June 30, 2016, the City contributed \$289,103 and plan members eligible for benefits contributed \$50,928 to the plan.

NOTE 6: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time, sick leave, and casual leave payments payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 55,000
Compensatory time	11,267
Sick leave	107,579
Casual leave	<u>6,889</u>
Total	\$ <u>180,735</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2016.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Hotel/Motel Tax	\$ 16,000
	Other TIF	3,997
	Enterprise:	
	Electric	250,000
	Gas	250,000
	Sewer	14,000
	Capital Projects:	
	Airport Runway	16,862
	Airport 2014	6,361
		<u>557,220</u>
Capital Projects:	Enterprise:	
Sidewalk/Streetscape	Electric	<u>200,000</u>
Capital Projects:	Enterprise:	
Spec Building	Electric	<u>55,656</u>
Capital Projects:	Special Revenue:	
Sports Complex	Hotel/Motel Tax	<u>13,500</u>
Capital Projects:	Capital Projects:	
Anderson Street Ext.	East Franklin Street	<u>85,000</u>
Enterprise:	Capital Projects:	
Water	Lake Project	116
	Special Revenue:	
	Other TIF	<u>197,000</u>
		<u>197,116</u>
Enterprise:	Special Revenue:	
Sewer	Other TIF	<u>50,000</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	<u>240,500</u>
Enterprise:	Enterprise:	
Electric	Gas	<u>75,000</u>
		 \$ <u>1,473,992</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.



CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 8: RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2016 were \$83,426.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workman's compensation and employee blanket bond. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 9: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan. Under the self-funded plan, the City will reimburse eligible employee's for a portion of their deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000
	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$141,000. As of June 30, 2016 there is a remaining maximum liability commitment of \$89,768.

NOTE 10: CONSTRUCTION COMMITMENTS

Prior to June 30, 2016, the City had signed several construction contracts that are summarized below:

Total commitments	\$ 7,989,886
Less amounts paid	<u>4,013,218</u>
Remaining commitments	\$ <u>3,976,668</u>

These commitments are for water and other capital projects. The remaining balance at June 30, 2016 will be paid as work on the projects progress.

NOTE 11: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Cemetery. The amount is reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2016, net appreciation of \$11,035 was available to be spent, of which \$11,035 is restricted to specific purposes.

NOTE 12: RESTATEMENT

During the year ended June 30, 2016, it was determined that the cash balances as of June 30, 2015 had been misstated in the funds listed below:

	<u>Balance June 30,</u> <u>2015, as previously</u> <u>reported</u>	<u>Adjustments</u>	<u>Balance June 30,</u> <u>2015, as restated</u>
General	\$ 380,847	\$ 137,544	\$ 518,391
Road use tax	40,696	907	41,603
Employee benefits	276,900	(314)	276,586
Local option sales tax	125,061	(12,784)	112,277
Other TIF	55,671	243	55,914
Chevron tax increment financing	244	(244)	-
Water	1,222,581	(24,824)	1,197,757
Sewer	491,545	(2,032)	489,513
Electric	1,424,088	(107,021)	1,317,067
Gas	1,033,076	690	1,033,766
Avenue of flags	47	(47)	-
Volunteer fire department	-	4,501	4,501
Drug awareness resistance education	(599)	2,340	1,741
Library memorial	500,432	1,810	502,242
South cemetery	<u>12,131</u>	<u>(114)</u>	<u>12,017</u>
	\$ <u>5,562,720</u>	\$ <u>655</u>	\$ <u>5,563,375</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 13: NEW ACCOUNTING PRONOUNCEMENT

The City of Bloomfield, Iowa adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

NOTE 14: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 18, 2017 the date statements were available to be issued.

Subsequent to June 30, 2016, the City was fined \$10,000 for EPA violations.

Subsequent to June 30, 2016, the City approved the construction of a new library for \$1,790,000.

## OTHER INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
YEAR ENDED JUNE 30, 2016

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<u>RECEIPTS:</u>			
Property tax	\$ 895,658	\$ -	\$ -
Tax increment financing	542,487	-	-
Other City tax	310,794	-	-
License and permits	41,338	-	-
Use of money and property	8,498	10,703	2,296
Intergovernmental	455,254	1,294,810	-
Charges for service	310,416	5,550,253	-
Miscellaneous	<u>387,772</u>	<u>65,406</u>	<u>314,861</u>
Total receipts	<u>2,952,217</u>	<u>6,921,172</u>	<u>317,157</u>
<u>DISBURSEMENTS:</u>			
Public safety	816,082	-	-
Public works	680,823	-	-
Culture and recreation	412,100	-	16,085
Community and economic development	248,546	-	-
General government	238,639	-	-
Debt Service	240,243	-	-
Capital projects	290,334	-	-
Business type activities	<u>-</u>	<u>8,265,290</u>	<u>-</u>
Total disbursements	<u>2,926,767</u>	<u>8,265,290</u>	<u>16,085</u>
Excess (deficiency) of receipts over (under) disbursements	25,450	(1,344,118)	301,072
Other financing sources, net	<u>522,540</u>	<u>1,334,460</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	547,990	(9,658)	301,072
<u>BALANCES - Beginning of year, as restated</u>	<u>2,064,964</u>	<u>4,038,103</u>	<u>208,679</u>
<u>BALANCES - End of year</u>	\$ <u>2,612,954</u>	\$ <u>4,028,445</u>	\$ <u>509,751</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 895,658	\$ 777,816	\$ 831,621	\$ 64,037
542,487	469,395	558,395	(15,908)
310,794	287,712	287,500	23,294
41,338	37,000	40,500	838
16,905	12,345	8,845	8,060
1,750,064	2,967,838	1,542,768	207,296
5,860,669	5,992,480	5,272,180	588,489
138,317	88,430	113,180	25,137
<u>9,556,232</u>	<u>10,633,016</u>	<u>8,654,989</u>	<u>901,243</u>
816,082	814,912	821,872	5,790
680,823	641,629	710,135	29,312
396,015	411,002	485,902	89,887
248,546	297,698	252,988	4,442
238,639	155,985	253,561	14,922
240,243	240,243	240,243	-
290,334	290,000	293,800	3,466
<u>8,265,290</u>	<u>11,501,625</u>	<u>8,929,799</u>	<u>664,509</u>
<u>11,175,972</u>	<u>14,353,094</u>	<u>11,988,300</u>	<u>812,328</u>
(1,619,740)	(3,720,078)	(3,333,311)	1,713,571
<u>1,857,000</u>	<u>3,357,000</u>	<u>3,357,000</u>	<u>(1,500,000)</u>
237,260	(363,078)	23,689	213,571
<u>5,894,388</u>	<u>7,226,724</u>	<u>7,226,724</u>	<u>(1,332,336)</u>
\$ <u>6,131,648</u>	\$ <u>6,863,646</u>	\$ <u>7,250,413</u>	\$ <u>(1,118,765)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the for blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements by \$2,364,794. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TWO YEARS\*

OTHER INFORMATION

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.0125601 %	0.0115397 %
City's proportionate share of the net pension liability	\$ 620,530	\$ 457,652
City's covered-employee payroll	\$ 1,202,353	\$ 1,128,523
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.61 %	40.55 %
IPERS' net position as a percentage of the total pension liability	85.19 %	87.61 %

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.



CITY OF BLOOMFIELD, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST 3 YEARS

OTHER INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 116,015	\$ 110,861	\$ 103,998
Contributions in relation to the statutorily required contribution	<u>(116,015)</u>	<u>(110,861)</u>	<u>(103,998)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered-employee payroll	\$ 1,272,039	\$ 1,202,353	\$ 1,128,523
Contributions as a percentage of covered-employee payroll	9.12 %	9.22 %	9.22 %

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the County will present information for those years for which information is available.

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2016

*Changes of benefit terms:*

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments

## SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue								
	Local Option Sales Tax	Road Use Tax	LHAP- CDBG Housing Grant	FD Grant	Hotel/ Motel Tax	Parks & Recreation	Debt Service	Spec Building	Mainstreet
<b>RECEIPTS:</b>									
Other City tax	\$ 259,613	\$ -	\$ -	\$ -	\$ 51,181	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-	-	-	-	-	-
Intergovernmental	-	326,249	-	-	-	-	-	-	20,000
Miscellaneous	-	-	-	-	-	85	-	4,111	-
Total receipts	<u>259,613</u>	<u>326,249</u>	<u>-</u>	<u>-</u>	<u>51,181</u>	<u>85</u>	<u>-</u>	<u>4,111</u>	<u>20,000</u>
<b>DISBURSEMENTS:</b>									
Operating:									
Public works	-	275,571	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	35	-	-	-
Community and economic development	-	-	-	-	16,000	-	-	59,779	6,340
Debt service	-	-	-	-	-	-	240,243	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>275,571</u>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>35</u>	<u>240,243</u>	<u>59,779</u>	<u>6,340</u>
Excess (deficiency) of receipts over (under) disbursements	<u>259,613</u>	<u>50,678</u>	<u>-</u>	<u>-</u>	<u>35,181</u>	<u>50</u>	<u>(240,243)</u>	<u>(55,668)</u>	<u>13,660</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	240,500	55,656	-
Transfers out	<u>(240,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(240,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,500)</u>	<u>-</u>	<u>240,500</u>	<u>55,656</u>	<u>-</u>
Change in cash balances	19,113	50,678	-	-	5,681	50	257	(12)	13,660
<b>CASH BALANCES - Beginning of year,</b> <b>as restated</b>	<u>112,277</u>	<u>41,603</u>	<u>1,148</u>	<u>5</u>	<u>78,888</u>	<u>2,090</u>	<u>13,455</u>	<u>12</u>	<u>6,340</u>
<b>CASH BALANCES - End of year</b>	<u>\$ 131,390</u>	<u>\$ 92,281</u>	<u>\$ 1,148</u>	<u>\$ 5</u>	<u>\$ 84,569</u>	<u>\$ 2,140</u>	<u>\$ 13,712</u>	<u>\$ -</u>	<u>\$ 20,000</u>
<b>Cash Basis Fund Balances</b>									
Restricted for:									
Nonexpendable:									
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expendable:									
Debt service	-	-	-	-	-	-	13,712	-	-
Streets	-	92,281	-	-	-	-	-	-	-
Other purposes	<u>131,390</u>	<u>-</u>	<u>1,148</u>	<u>5</u>	<u>84,569</u>	<u>2,140</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 131,390</u>	<u>\$ 92,281</u>	<u>\$ 1,148</u>	<u>\$ 5</u>	<u>\$ 84,569</u>	<u>\$ 2,140</u>	<u>\$ 13,712</u>	<u>\$ -</u>	<u>\$ 20,000</u>

Capital Projects								Permanent		Total
Sidewalk/ Streetscape	Park Improvements	Airport 2014	Lake Project	Airport Runway Project	Anderson Street Ext.	Sports Complex	DC Trails/ REAP	IOOF Cemetery Perpetual Care	Library Request	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,794
		11,822					42,030	790	26	816
										400,101
		11,822						5,504		9,700
		11,822					42,030	6,294	26	721,411
								1,868		275,571
										1,903
										82,119
103,655	-	13,074			84,564	-	29,059	-	-	240,243
103,655	-	13,074			84,564	-	29,059	1,868	-	230,352
(103,655)	-	(1,252)	-	-	(84,564)	-	12,971	4,426	26	(108,777)
200,000	-	(6,361)	(116)	(16,862)	85,000	13,500	-	-	-	594,656
200,000	-	(6,361)	(116)	(16,862)	85,000	13,500	-	-	-	(293,339)
96,345		(7,613)	(116)	(16,862)	436	13,500	12,971	4,426	26	192,540
5	852	19,435	116	16,862	-	-	-	125,057	5,560	423,705
\$ 96,350	\$ 852	\$ 11,822	\$ -	\$ -	\$ 436	\$ 13,500	\$ 12,971	\$ 129,483	\$ 5,586	\$ 616,245
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,448	\$ -	\$ 118,448
										13,712
96,350	852	11,822			436	13,500	12,971	11,035	5,586	189,067
										295,018
\$ 96,350	\$ 852	\$ 11,822	\$ -	\$ -	\$ 436	\$ 13,500	\$ 12,971	\$ 129,483	\$ 5,586	\$ 616,245

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2016

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Urban Renewal Tax Increment Notes: I-Jobs	April 28, 2011	6.00%	\$ 534,023
General Obligation Capital Loan Notes: Series 2014A	June 15, 2014	0.80 - 2.40%	2,345,000
Water Revenue Capital Loan Notes: Taxable 2015A	April 2, 2015	2.75%	1,500,000
Water Revenue Capital Loan Notes: Taxable 2016A	April 6, 2016	2.25%	1,857,000
			\$ <u>6,236,023</u>

SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 287,824	\$ -	\$ 287,824	\$ -	\$ 12,055	\$ -
2,140,000	-	205,000	1,935,000	34,743	-
1,496,551	-	21,029	1,475,522	40,891	-
-	1,857,000	4,815	1,852,185	6,959	-
\$ <u>3,924,375</u>	\$ <u>1,857,000</u>	\$ <u>518,668</u>	\$ <u>5,262,707</u>	\$ <u>94,648</u>	\$ <u>-</u>

## CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
YEAR ENDED JUNE 30, 2016

Year Ending June 30,	General Obligation Capital Loan Notes Series 2014 A Issued June 15, 2014		Water Revenue Capital Loan Notes 2015A Issued April 2015		Water Revenue Capital Loan Notes 2016A Issued April 2016	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	0.80%	\$ 205,000	2.75%	\$ 21,614	2.25%	\$ 29,270
2018	1.10%	205,000	2.75%	22,216	2.25%	29,936
2019	1.35%	205,000	2.75%	22,835	2.25%	30,616
2020	1.60%	210,000	2.75%	23,471	2.25%	31,312
2021	1.80%	215,000	2.75%	24,124	2.25%	32,024
2022	2.00%	220,000	2.75%	24,796	2.25%	32,752
2023	2.15%	220,000	2.75%	25,487	2.25%	33,497
2024	2.30%	225,000	2.75%	26,197	2.25%	34,258
2025	2.40%	230,000	2.75%	26,926	2.25%	35,037
2026	-	-	2.75%	27,676	2.25%	35,834
2027	-	-	2.75%	28,447	2.25%	36,648
2028	-	-	2.75%	29,239	2.25%	37,481
2029	-	-	2.75%	30,053	2.25%	38,334
2030	-	-	2.75%	30,891	2.25%	39,205
2031	-	-	2.75%	31,751	2.25%	40,096
2032	-	-	2.75%	32,635	2.25%	41,008
2033	-	-	2.75%	33,544	2.25%	41,940
2034	-	-	2.75%	34,478	2.25%	42,894
2035	-	-	2.75%	35,437	2.25%	43,869
2036	-	-	2.75%	36,425	2.25%	44,866
2037	-	-	2.75%	37,439	2.25%	45,886
2038	-	-	2.75%	38,482	2.25%	46,929
2039	-	-	2.75%	39,554	2.25%	47,996
2040	-	-	2.75%	40,655	2.25%	49,087
2041	-	-	2.75%	41,787	2.25%	50,203
2042	-	-	2.75%	42,951	2.25%	51,344
2043	-	-	2.75%	44,147	2.25%	52,511
2044	-	-	2.75%	45,377	2.25%	53,705
2045	-	-	2.75%	46,641	2.25%	54,926
2046	-	-	2.75%	47,939	2.25%	56,175
2047	-	-	2.75%	49,275	2.25%	57,452
2048	-	-	2.75%	50,647	2.25%	58,758
2049	-	-	2.75%	52,057	2.25%	60,094
2050	-	-	2.75%	53,507	2.25%	61,460
2051	-	-	2.75%	54,997	2.25%	62,857
2052	-	-	2.75%	56,529	2.25%	64,286
2053	-	-	2.75%	58,103	2.25%	65,747
2054	-	-	2.75%	59,721	2.25%	67,242
2055	-	-	2.75%	47,472	2.25%	68,771
2056	-	-	-	-	2.25%	45,879
Total	\$	<u>1,935,000</u>	\$	<u>1,475,522</u>	\$	<u>1,852,185</u>



CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>RECEIPTS:</u></b>				
Property tax	\$ 895,658	\$ 838,158	\$ 845,602	\$ 814,929
Tax increment financing	542,487	477,372	389,312	358,255
Other city tax	310,794	308,554	274,763	261,866
Licenses and permits	41,338	38,992	39,183	38,590
Use of money and property	8,498	10,893	17,592	10,503
Intergovernmental	455,254	607,913	944,948	1,568,953
Charges for service	310,416	291,699	309,400	293,741
Miscellaneous	387,772	113,395	87,693	44,551
Total	\$ <u>2,952,217</u>	\$ <u>2,686,976</u>	\$ <u>2,908,493</u>	\$ <u>3,391,388</u>
<b><u>DISBURSEMENTS:</u></b>				
Operating:				
Public safety	\$ 816,082	\$ 799,090	\$ 1,047,316	\$ 740,675
Public works	680,823	671,399	645,132	617,026
Culture and recreation	412,100	380,295	384,864	358,343
Community and economic development	248,546	231,934	294,830	127,412
General government	238,639	140,723	141,254	142,302
Debt service	240,243	239,680		
Capital projects	290,334	2,333,187	920,982	1,549,160
Total	\$ <u>2,926,767</u>	\$ <u>4,796,308</u>	\$ <u>3,434,378</u>	\$ <u>3,534,918</u>

SCHEDULE 4

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 766,138	\$ 742,459	\$ 687,520	\$ 670,808	\$ 648,956	\$ 648,869
349,999	331,049	341,642	337,333	229,279	195,389
233,036	226,184	264,442	260,230	222,356	214,790
38,011	29,456	38,537	39,893	6,383	34,314
11,859	20,014	16,337	34,472	86,602	75,362
917,290	764,773	597,863	322,455	704,311	344,541
278,377	277,143	296,742	299,455	250,983	248,742
121,068	176,536	87,598	186,714	149,039	188,282
\$ <u>2,715,778</u>	\$ <u>2,567,614</u>	\$ <u>2,330,681</u>	\$ <u>2,151,360</u>	\$ <u>2,297,909</u>	\$ <u>1,950,289</u>
\$ 705,974	\$ 700,429	\$ 911,793	\$ 813,615	\$ 712,514	\$ 566,472
867,334	686,137	601,284	669,967	747,352	924,508
360,449	399,727	367,633	413,019	290,368	262,538
117,653	207,620	137,729	282,121	202,406	206,898
146,189	117,912	134,076	126,002	106,464	112,061
459,915	1,301,895	2,028,762	901,765	117,499	27,720
\$ <u>2,657,514</u>	\$ <u>3,413,720</u>	\$ <u>4,181,277</u>	\$ <u>3,206,489</u>	\$ <u>2,176,603</u>	\$ <u>2,100,197</u>

## CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
<u>Direct:</u>			
U.S. Department of Agriculture:			
Water and Waste Disposal Systems for Rural Communities	10.760	-	\$ 1,857,000
Emergency Community Water Assistance Grants	10.763	-	876,940
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0008-08	7,904
Total Expenditures of Direct Federal Awards			<u>2,741,844</u>
<u>Indirect:</u>			
Corporation for National and Community Service:			
AmeriCorps State and National:			
AmeriCorps Grant	94.006	15-OA-01	44,565
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	15-CF-001	3,020
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	14-WS-001	408,340
			<u>411,360</u>
Total Expenditures of Indirect Federal Awards			<u>455,925</u>
Total Expenditures of Federal Awards			\$ <u>3,197,769</u>

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Bloomfield, Iowa under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Bloomfield, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Bloomfield, Iowa.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Bloomfield, Iowa has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Federal Loan Programs** - The federal loan programs listed subsequently are administered directly by the City of Bloomfield, Iowa and balances and transactions relating to the programs are included in the City of Bloomfield, Iowa's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding as June 30, 2016 consist of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2016</u>
10.76	Water and Waste Disposal Systems for Rural Communities	\$ 1,852,185

See Accompanying Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Council of the City of Bloomfield, Iowa;

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bloomfield, Iowa's basic financial statements and have issued our report thereon dated March 18, 2017. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bloomfield, Iowa's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II-A-16, II-D-16 and II-E-16 to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items II-B-16 and II-C-16 to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **The City of Bloomfield, Iowa's Response to Findings**

The City of Bloomfield, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Bloomfield, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO., P.C.

Ottumwa, Iowa  
March 18, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council  
The City of Bloomfield, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited the City of Bloomfield, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bloomfield, Iowa's major federal programs for the year ended June 30, 2016. The City of Bloomfield, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Bloomfield, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bloomfield, Iowa's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Bloomfield, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

## Report on Internal Control over Compliance

Management of the City of Bloomfield, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bloomfield, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item III-A-16, we consider to be a material weakness.

The City of Bloomfield, Iowa's response to the internal control over compliance finding identified in our audit is reported in the accompanying Schedule of Findings and Questioned Costs. The City of Bloomfield, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ANDERSON, LARKIN & CO., P.C.

Ottumwa, Iowa  
March 18, 2017

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to each of the major programs.
- f) The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, section 200.515.
- g) The major programs were CFDA Number 10.760 – Water and Waste Disposal Systems for Rural Communities  
10.763 – Emergency Community Water Assistance Grants
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) The City of Bloomfield, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

- II-A-16 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances, utilizing currently available staff, including elected officials.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-16 Reconciliation of Utility Billings, Collections and Delinquent Accounts – Utility billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will consider this.

Conclusion – Response accepted.



CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

Part II: Findings Related to the Financial Statements (Continued)

II-C-16 Credit Cards – The City does not currently have a written credit card policy.

Recommendation – The City should adopt a written policy that governs the use of credit cards.

Response – We will look into adopting a policy.

Conclusion – Response accepted.

II-D-16 TIF Repayments – During the fiscal year ended June 30, 2016, the City was informed by Davis County that they had received \$89,088 in TIF money in error. When the money was refunded, it was mistakenly refunded by the general fund, instead of the TIF fund.

Recommendation – A transfer should be made to correct this.

Response – A transfer will be made from the general fund to the TIF fund during fiscal year 2017.

Conclusion – Response accepted.

II-E-16 Financial Reporting – During the year ended June 30, 2016, it was determined that the cash balances of certain funds at June 30, 2015 were misstated. The effects of these misstatements are shown in Note 11 of the current year financial statements.

Recommendation – The City should make sure the cash balances to the audited financial statements.

Response – The City will do so from now on.

Conclusion – Response accepted.

Instances of Noncompliance:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

Instances of Noncompliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Numbers 10.760 Water and Waste Disposal Systems for Rural Communities and  
10.763 Emergency Community Water Assistance Grants  
U.S. Department of Agriculture

III-A-16 Segregation on Duties over Federal Receipts and Disbursements – The City did not properly segregate collection, deposit, disbursement and record-keeping for receipts and disbursements, including those related to federal programs. See item II-A-16.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

IV-B-16 Questionable Disbursements – No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-C-16 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-16 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-16 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-16 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. However, in accordance with the Code of Iowa, minutes are required to be published within 15 days of the Council meeting. The minutes for the meetings held July 16, 2015 and November 5, 2015 were not published within 15 days of the Council meeting.

Recommendation – The Council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

The City Council went into closed session on August 18, 2016 without citing a Code of Iowa exemption.

Recommendation – The minutes should reflect applicable Code of Iowa exemption in future closed sessions.

Response – We will do so.

Conclusion – Response accepted.

IV-G-16 Deposits and Investments – An instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy was noted. The City does not have public funds custodial agreements with all of the financial institutions the City does business with as required by Chapter 128.10C of the Code of Iowa.

Recommendation – The City should obtain public funds custodial agreements for all of the City's depositories.

Response – We will do so.

Conclusion – Response accepted

The City had deposits at a credit union at June 30, 2016 in excess of NCUA deposit coverage and no letter of credit from the credit union for the excess.

Recommendation – The City should request a letter of credit for deposits in excess of NCUA coverage or reduce their deposits at the credit union.

Response – We will look at our alternatives and make a decision which best fits the City's needs.

Conclusion – Response accepted.

IV-G-16 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.

IV-H-16 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

CITY OF BLOOMFIELD, IOWA  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2016

Part III – Federal Award Findings and Questioned Costs

MATERIAL WEAKNESS

III-A-16 Segregation of Duties

Name of contact person:	Carol Taylor, City Clerk
Corrective Action:	The duties will be separated as much as possible and alternative controls will be considered to compensate for lack of separation.
Proposed Completion Date:	Ongoing.